

**QUARTERLY REPORT TO THE JOINT LEGISLATIVE OVERSIGHT  
COMMITTEE**

**ON**

**MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND SUBSTANCE  
ABUSE SERVICES**

**SESSION LAW 2001-437**

**July 1, 2004 to September 30, 2004**

This quarterly report is submitted to the Legislative Oversight Committee on Mental Health, Developmental Disabilities and Substance Abuse Services (LOC), pursuant to the requirements of Session Law 2001-437. This report is for the months of July 1 through September 30, 2004 and provides information on major developments as the Division implements reform.

**Section I: Major developments for this quarter include:**

- ❑ System reform continues to move steadily forward.
- ❑ State Plan 2004: Blueprint for Change was released on July 1, 2004.
- ❑ Charlotte Jordan, Team Leader for the State Facility Advocates Team has retired.
- ❑ Wendi McDaniel has been hired as the Team Leader for the State Facility Advocates Team.
- ❑ Peggy Balak, Team Leader for the Division Affairs Team has resigned to take a position in the private sector. Her replacement has not been selected.
- ❑ The Public Policy Work Group continues its work. This group is chaired by Representative Verla Insko and Senator Martin L. Nesbitt, Jr., and is comprised of representatives from the Division, Area/County Programs, County Managers and County Commissioners.
- ❑ The Workforce Development Plan was released on July 8, 2004.
- ❑ The DHHS/LME contract was negotiated by the Public Partners (DHHS, NC Council of Community Programs and NC Association of County Commissioners) and distributed to each area/county program with an approved Local Business Plan for adoption.
- ❑ The Division's Communications Plan was released on August 30, 2004.
- ❑ The Division has signed a contract with Kornegay Health Care to operate a 20-bed specialty nursing facility unit for persons with mental illness.

## **Section II: Statutory Items**

### **1. Division Reorganization**

The reorganization of the Division is completed and the Division is operating under the new organizational structure. Two team leaders have left the Division. Charlotte Jordan, Team Leader for the State Facility Advocates Team has retired. Her replacement, Wendi McDaniels has joined the Division. Peggy Balak, Team Leader for the Division Affairs Team resigned to take a position in the private sector.

### **2. State Plan 2004: Blueprint for Change**

State Plan 2004: Blueprint for Change was released on July 1, 2004. State Plan 2004, the third update, reflects the continued evolution of reform efforts and builds on State Plan 2001: Blueprint for Change. The information contained in the Plan reflects the work that has been accomplished and outlines key developments that must occur over the next fiscal year in order to continue to move reform forward.

The Division's Operations Plan, which specifies the outcomes to be achieved and products delivered is posted on the Division's website. Responsibilities for these outcomes and products have been assigned to Division team leaders. Team leaders meet quarterly to discuss the status of the deliverables and tasks in the Plan. All deliverables and tasks are on schedule.

The Child Mental Health Plan is posted on the Division's website and provides the initial direction for developing a system that is most responsive to the mental health needs of children, families and communities. Responsibility for the plan has been assigned Dr. Michael Lancaster. A work plan timeline has been completed that details the milestones and dates for the events associated with operationalizing the Plan.

The Division released Communication Bulletins #021, #022, #023, #024, #025, #026 and #027.

- ❑ Communication Bulletin #021-announced the release of State Plan 2004: Blueprint for Change.
- ❑ Communication Bulletin #022-announced the release of the Workforce Development Plan. The Plan encompasses the initial and multi-year goals and strategies for implementing a statewide system of planning and responding to education and training needs in North Carolina's public mental health, developmental disabilities and substance abuse system reform.
- ❑ Communication Bulletin #023-announced the release of the final State Fiscal Year 2004-2005 contract between the Department of Health and Human Services and the Local Management Entities.

- ❑ Communication Bulletin #024-announced the formation of the CAP/MRDD Waiver Team. The purpose of this special time-limited team is to develop a final draft of a new CAP/MRDD waiver. This waiver will be written to address some of the problems that are documented regarding the current waiver, such as the absence of standardized utilization review and level of care process. The waiver team is under the leadership of Deputy Director Leza Wainwright.
- ❑ Communication Bulletin #025 provided an implementation update of the Child Mental Health Plan. Division Director Michael Moseley appointed a cross division team with specific expertise in all aspects of Child and Adolescent services to concentrate on implementation of the Child Mental Health Plan. Dr. Michael Lancaster, Chief of Clinical Policy will serve as the team leader and Susan Robinson will continue to serve as the Plan Manager.
- ❑ Communication Bulletin #026 accompanied the Draft 1915 ( c ) Home and Community Based Waiver. The draft waiver was released for a 30-day comment period ending on September 23, 2004.
- ❑ Communication Bulletin #027 announced the release of the Division's Strategic Communications Plan. The purpose of the communication plan is to provide an overall framework for planning, constructing and managing the wide variety of communications that occur within the public mental health, developmental disabilities and substance abuse services system. It addresses audiences, messages, media, ongoing evaluation and helps to ensure that the Division provides relevant, accurate, consistent information throughout the system.

### **3. Local Systems Development**

#### **Information and Technical Assistance:**

Division staff of the Customer Services and Community Rights Team completed the fourth data report. This report provides information about complaints, informal Medicaid appeals and information and referral requests filed by consumers and family members and stakeholders.

Staff is working closely with the North Carolina Council of Community Programs to develop customer service offices at the Area Programs/Local Management Entities (LME's). These offices will provide timely responses to consumers and families who have questions and concerns about services and legal rights.

The State Facility Advocates Team is in the process of signing a Relational Agreement defining the roles, responsibilities and commitments of the State Operated Facilities, the Human Rights Committees and the Advocacy and Customer Services Section.

During this quarter, the State CFAC has completed drafting operating procedures which include the membership terms of office, by-laws, rules of conduct and a list

of priorities. Orientation about the Division has begun and will continue into the next quarter of the year.

#### **4. Local Business Plans**

The contract between the Department and the LMEs has been completed and distributed. Staff has completed the reviews of Phase III programs and conducted site visits. Division staff has identified LMEs that do not meet the 200,000-population/six county criteria. Discussions have been held with these programs regarding their plans for becoming a viable LME.

#### **5. Services and Programs**

##### **Renovations at the Alcohol and Drug Abuse Treatment Centers (ADATC)**

Recruitment efforts for staffing at the Blackley ADATC continue to progress very slowly. The new staff positions were approved in January 2004 and posted beginning in May 2004. Funding for the positions will come from the Mental Health Trust Fund, initially, until recurring funds are generated through State hospital downsizing. Management at the Blackley ADATC submitted a plan to close one male rehab unit and reallocate staff to the new acute unit in order to bring up the additional acute care capacity.

In other developments, additional funds were appropriated to the Mental Health Trust Fund to enhance efforts to bring up acute crisis/detox capacity and to enable new construction projects at both the Julian F. Keith ADATC and the Walter B. Jones ADATC. Planning is currently underway to design the new structures at these facilities.

##### **Funding to Support Expansion of Community Capacity:**

Community capacity expansion plans submitted by LMEs continued to be reviewed, with approval of the last proposals provided in late April. LMEs worked to implement their approved capacity expansion plans during the quarter to support downsizing of adult and geriatric long-term beds in the hospitals. Capacity expansion during SFY2004 was supported by allocation of \$2,507,933 from the Mental Health Trust Fund in start-up funding. Savings to be re-directed to community services from hospital bed downsizing in SFY2005 are projected at \$7,980,915 including Piedmont project funds.

The bed day allocation plan continued in operation with some important alterations. A regional model was rolled out to the LMEs, in which end of year utilization numbers are examined regionally rather than by individual LMEs. All but two LMEs chose to participate in the regional model. Year-end utilization will be reviewed individually for the two programs that did not choose to participate in the regional model and any utilization of hospital bed days beyond allocations will be subject to a charge per day. Bed days for SFY2005 were revised to reflect

the actual number of beds operated by the hospitals in each category. This resulted in reduced allocations in some cases, most particularly for Western Region LMEs in the category of adult admission beds.

## **6. Administration and Infrastructure**

### **Service Definitions and Licensure Rules:**

Staff continues to have discussion with the Division of Medical Assistance (DMA) regarding the child and adult mental health, developmental disabilities, and substance abuse service definitions. These new service definitions reflect the implementation of the State Plan and evidence-based or best practice services and supports.

## **7. Financing**

### **Mental Health Trust Fund:**

The Mental Health Trust Fund continues to be used to assist in reform and community expansion. As of September 30, 2004, \$32,268,279 has been used for the following: bridge funding to Area Programs associated with hospital downsizing, hospital replacement planning, funding to area/county programs for Integrated Payments and Reporting System (IPRS) conversion and Local Business Plan development, Olmstead assessments, training regarding reform and consultant contracts.

### **Integrated Payments and Reporting System:**

At this time all Area Programs, except Riverstone and Piedmont, are in production and using the Integrated Payments and Reporting System. This brings an end to the implementation project.

## **8. Progress in Addressing Barriers to System Reform**

This section of the report reflects progress in addressing barriers to system reform.

1. Statutory changes were required regarding confidentiality to reflect changes in HIPPA, IPRS implementation and the acknowledgement of county programs in the statutes where confidentiality is cited.

### *Update*

*Legislation on confidentiality was passed by the General Assembly. House Bill 826 amended the confidentiality provision of G.S. Chapter 122C to bring those provisions into conformance with the mental health system reform legislation of 2001 (S.L. 2001-437).*